

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON BUSINESS AND LABOR**

**Call to Order:** By **CHAIRMAN JOE MCKENNEY**, on February 5, 2001 at 8:00 A.M., in Room 172 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Joe McKenney, Chairman (R)  
Rep. Gary Matthews, Vice Chairman (D)  
Rep. Roy Brown (R)  
Rep. Nancy Fritz (D)  
Rep. Kathleen Galvin-Halcro (D)  
Rep. Dennis Himmelberger (R)  
Rep. Carol C. Juneau (D)  
Rep. Jim Keane (D)  
Rep. Rick Laible (R)  
Rep. Bob Lawson (R)  
Rep. William Price (R)  
Rep. Allen Rome (R)  
Rep. Brett Tramelli (D)  
Rep. James Whitaker (R)  
Rep. Sylvia Bookout-Reinicke  
Rep. Dave Gallik  
Rep. Donald Steinbeisser

**Members Absent:** None.

**Members Excused:** Rep. Rod Bitney (R)  
Rep. John Musgrove (D)

**Staff Present:** Gordon Higgins, Legislative Branch  
Jane Nofsinger, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: HB400, HB429, SB59, SB112,  
1/30/2001  
Executive Action: HB429, SB112

**HEARING ON HB429**

**Sponsor:** REP. STEVE GALLUS, HD35, Butte

**Proponents:** None

**Opponents:** Greg Van Horssen, State Farm Insurance Company  
John Metropoulos, Farmers Insurance,  
National Assn. of Insurers  
Roger McGlenn, Independent Insurance Agents of  
Montana  
Jacquelin Lenmark, American Assn. of Insurance Agents  
Sue Weingartner, Alliance of American Insurers

**Opening Statement by Sponsor:**

REP. STEVE GALLUS, HD35, Butte, told the committee his bill forbids the use of credit history of the purpose of issuing or denying insurance. He said this problem had come to his attention last summer from a member of the insurance business who had just had a customer denied. He added occasionally a person has "fallen on hard times," and they are still trying to do the right thing to get insurance, and it isn't right when they are denied.

**Proponents' Testimony:** None

**Opponents' Testimony:**

Mr. Van Horssen said the committee has already heard a bill which was less restrictive and it was tabled. This bill removes from insurers an important risk assessment tool, he said. He told the committee it was in their best interest that insurance companies had every tool available. He noted that credit history is an indicator of risk. He said that people in lower economic categories often had better credit history than those in high economic categories. He asserted that removing credit history from risk assessment will make less insurance, not more, available to lower income people.

Mr. Metropoulos said credit history is an objective tool and it is not used to make a subjective decision. He agreed use of credit does not work against lower income people.

***{Tape : 1; Side : A; Approx. Time Counter : 13.5}***

Mr. McGlenn called the bill too broad even though agents see some abuse of credit history. He said if the committee wanted to

legislate about use of credit history in the insurance industry, they should re-consider HB380, which he considered a more appropriate approach.

**Mr. Lenmark** also called the bill too broad and said that the bill would actually prohibit good credit history. He added, if this tool is taken away, the process is less precise and the cost is increased. He noted the credit score is not a measure of income, but of responsibility.

**Ms. Weingartner** said, as a representative of 330 insurers, the marketplace must consider valid factors. She reminded the committee that there is a correlation between credit history and loss potential. **EXHIBIT (buh29a01)** Furthermore, she said, insurance is a purpose, not a right.

**Informational Testimony:**

**Jan Van Riper, State Auditor's Office**, explained that current law allows for credit rating. For example, she said, a driver with an excellent driving record can be turned down for bad credit, and homeowners may be turned down on their credit rating.

**Questions from Committee Members and Responses:**

**REP. PRICE** asked **Mr. Van Horssen** if credit history can be a sole criteria for turning a person down. **Mr. Van Horssen** said no, it could not.

**Closing by Sponsor:**

**REP. GALLUS** said the reason there were no proponents here is they are the people with bad credit who are embarrassed to stand here and talk. He said the other people who are hurt by use of credit history are insurance agents. He said if they didn't like this bill maybe they should re-address **REP. EGGERS'** bill from last week.

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**HEARING ON HB400**

**Sponsor:** REP. WANZENRIED, HD68, Missoula

**Proponents:** Carl Schweitzer, Schweitzer Consultants  
Ron Senger, sheet metal worker, Great Falls  
Keith Allen, IBEW233,

Tim Kester, Western Sheet Metal, Missoula  
Jerry Pheim, Project Sheet Metal, Inc., Billings  
Cindy Donaldson, Montana SMACNET

Opponents: Chris Bower, Rocky Mountain Propane Assn.  
Chuck Baraby, self  
Jack Campbell, Jack's Technical Assistance  
Glenn Wheeler, Montana Power Company  
John Alke, Montana-Dakota Utilities  
Julie Ippolito, Human Resource Development Council  
Dennis Lopach, Northwest Corporation  
Don Hendrickson, Rural Co-ops  
Dennis Off, Helena Propane  
Bob Gilbert, Rocky Mountain Propane Assn.  
Martin Mingay, American Propane  
Ray Dauws, American Plumbing & Heating  
Bill Jellison, Department of Commerce  
Steve Meloy, Department of Commerce  
Mark Macke, Department of Labor and Industry

Opening Statement by Sponsor:

**REP. DAVE WANZENRIED, HD68, Missoula,** said HB400 would impose regulations in the areas of heating and air conditioning. He said since the bill had been out on the Internet, families have called him with stories of carbon monoxide poisoning and explosions. He said the bill will put in statewide standards and although it won't catch 100% of the problems, it would require the contractors to go through a continuing education program. He noted contractors doing work now will be grandfathered.

Proponents' Testimony:

**Mr. Schweitzer** said the components of the bill involved licensing, permits, and inspections. He noted heating and cooling systems, if not properly installed, could cause death or serious injury. **EXHIBIT (buh29a02)** The board which is created will be similar to the Board of Plumbing, he said.

**Mr. Senger** said he represented 400 members of the Sheetmetal Workers Union and was a proponent of the bill.

**Mr. Allen** said he represented the International Brotherhood of Electrical Workers and he supported any trade which attempted to license itself.

**Mr. Kester** said most of his work is already inspected but he respects the need for this. He called this a life safety system

and said it was better to head problems off by having quality people than to catch problems through inspection.

**Mr. Opheim** said furnaces need air to run and new homes are now constructed so tightly with Tyvec and plastic there is often not adequate ventilation.

**Ms. Donaldson** said this bill addresses public safety and health. She supported the uniform standards required by the bill.

**Opponents' Testimony:**

**Mr. Bower** said the bill does little to promote safety. He said the bill falls short in that the owner is exempt and does nothing to promote safety when owner does the work.

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He said routine maintenance and repairs require no permit and this is not a safety measure. He said the amount of fees is not stated and the estimated cost of running the program may exceed \$300,000 in the second year. He said if the bill does not help everybody, it is not worth it. He called the bill costly, unenforceable, and an attempt to unionize all sheet metal workers.

**Mr. Baraby** said this had been tried 25 years ago and it was sunsetted. He opposed the way it was written and the exemption, otherwise he thought it was needed.

**Mr. Campbell** said all refrigerator and air conditioning contractors have to be licensed under the Clean Air Act of 1990.

**Mr. Wheeler** said he was not opposed to enhancing safety, but he was opposed to the act as it was written. He said on "no heat" or "no hot water" calls a serviceman tries to do what is necessary to restore the customer's service. He said it was difficult for utilities to obtain licensure and they should be exempted.

**Mr. Alke** said the bill was too vague and broad. As it is written, it is almost impossible to comply with , he added.

**Mr. Ippolito** said it burdens consumers with additional regulations and adds more roadblocks. He noted his technicians were properly trained already.

**Mr. Lopach** opposed the bill.

**Mr. Hendrickson** opposed the bill for the same reasons as **Mr. Wheeler**. He said his men work in the middle of the night when no one else is around.

**Mr. Off** said he was in favor of safety and felt his company did a good job of inspecting. He said when they hook up a customer, his company takes on the liability.

**Mr. Gilbert** said there is no need for this bill, and it is the wrong bill at the wrong time.

**Mr. Mingay** said they have 14,000 customers in Montana and they do a complete safety check when they make an installation. He called the bill unnecessary and unneeded. He said when he served on the Townsend Fire Department, the majority of the calls were on old appliances, and this bill does not address those.

**Mr. Dauws** agreed with the other opponents and said the bill creates gray areas. He saw the bill as potentially requiring additional contractors which would drive up costs.

**Informational Witnesses:**

**Mr. Jellison, Mr. Meloy, Department of Commerce, and Mr. Macke, Department of Labor and Industry,** said they were available for questions.

**Questions from Committee Members and Responses:**

**REP. BROWN** said if the law stays the same, it is unfair competition for the utility company to make repairs on heaters, but if the bill is passed it will be even more unfair, because the utilities wouldn't have to be licensed. **REP. WANZENRIED** said if the committee felt the bill would create an additional burden, he had not intended that.

**Closing by Sponsor:**

**REP. WANZENRIED** said the bill is not undue government regulation and he believes there is a problem which needs to be addressed. He asked the committee to look at the fiscal note assumptions to see if they believed they were correct. He pointed out that a homeowner does not need a license, but they do need a permit. He said the bill will protect public health and safety.

***{Tape : 2; Side : B; Approx. Time Counter : 1.9}***

**HEARING ON SB112**

**Sponsor:** REP. LINDA NELSON, SD49, NE Montana

**Proponents:** Troy McGee, Chief of Helena Police

**John Northey, Legislative Audit**  
**Drew Dawson, DPHHS**  
**Jeff Brandt, Department of Administration**  
**Jim Smith, MSPOA**

**Opponents:** None

**Opening Statement by Sponsor:**

**SEN. LINDA NELSON, SD49, NE Montana,** said the bill was a result of a legislative audit during the interim. The bill clarifies the funding of administrative costs for the 9-1-1 emergency telephone service accounts and provides for the retention of interest earnings in the accounts. The bill would have an immediate effective date and would be retroactive to the applicable dates. She said the intent of the 1997 bill was that this interest money should go to the localities.

**Proponents' Testimony:**

**Chief McGee** stated 50 cents on each phone bill goes to support the 911 funds. It is sent to the Department of Administration and distributed to the localities. He said the 9-1-1 centers depend on these funds to operate.

**Mr. Northey** told the committee the current law mandates the localities to invest the money.

**Mr. Dawson** said as chairman of the 9-1-1 Advisory Council, he was in favor of SB112. **EXHIBIT (buh29a03)**

**Mr. Brandt** said he administers the 9-1-1 Program and distributes the money to the agencies. He said this is a clean-up bill which makes absolutely clear the intent of the 1997 legislation.

**Mr. Smith** called this an important bill in terms of good, uninterrupted 9-1-1 operation. If the bill was not passed, the funds would have to be returned to the state, and the local governments were not in a position to do that because the money had already been spent.

**Opponents' Testimony:** None

**Questions from Committee Members and Responses:**

**REP. LAWSON** requested **Mr. Brandt** to say how much money and how much interest was involved. **Mr. Brandt** replied, about \$4.2 million and \$548,000 in interest.

**Closing by Sponsor:**

**SEN. NELSON** said this was an important bill for clarification of the 1997 law. She noted the money has already been distributed as was the intent of the 1997 law.

**HEARING ON SB59**

**Sponsor:** SEN. LINDA NELSON, SD49, NE Montana

**Proponents:** Mark Staples, Montana Tavern Assn.

**Opponents:** None

**Opening Statement by Sponsor:**

**REP. LINDA NELSON, SD49, NE Montana,** told the committee that she was carrying SB59 on behalf of the Sheridan County Elks Organization. The club had been asked to sponsor the Demolition Derby and had run into a problem when they asked for a permit to sell beer and wine in the rodeo stands. The Elks were told only groups who were not already licensed could get special permits. Since they had a license they could not get a special permit. They were told they could get a permit as a caterer but that would cost \$200, and that would have been cost prohibitive for the little money they would have made. She said these organizations provide a service and make a little money. She noted she had spoken with the Montanan Tavern Assn. and they had offered some amendments which would allow them to support the bill and which she had agreed to. The amendments would allow up to three events per year for the fraternal organizations and would require the proceeds to go the organization.

**Proponents' Testimony:**

**Mr. Staples** said historically licenses have been granted for free to Veterans and Fraternal Clubs. Originally, their functions were to be for members only, and now were open to the public, but the Montana Tavern Assn. had not complained. He said the result that the Elks could not cater their community event was an unintended consequence. The Montana Tavern Assn. had agreed wine and beer could be served at three specific events each year if the proceeds were to go back to the fraternal order.

**Opponents' Testimony:** None

**Informational Witnesses:**



Neal Peterson, Department of Revenue, said he would answer questions on the bill.

**Questions from Committee Members and Responses:**

REP. HIMMELBERGER asked Mr. Higgins why the bill was not amended instead of adding a new subsection. Mr. Higgins said the rationale of the new sub-section was to make it more clear.

**Closing by Sponsor:**

REP. NELSON said the tavern owners in her area do not want to bother with these events because there is not enough revenue, and the service organizations should be allowed to provide this service.

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**EXECUTIVE ACTION ON SB112**

**Motion/Vote:** REP. GALLIK moved that SB112 DO PASS. Motion carried unanimously.

REP. GALVIN-HALCRO will carry this bill on the House floor.

**EXECUTIVE ACTION ON HB429**

**Motion:** REP. GALLIK moved that HB429 DO PASS.

**Discussion:**

**Motion/Vote:** REP. GALLIK moved that HB429 BE AMENDED. Motion carried unanimously.

**Motion:** REP. GALLIK moved that HB429 DO PASS AS AMENDED.

**Discussion:**

REP. LAIBLE said he thought they were trying to force the bill and re-create it.

Substitute Motion/Vote: REP. HIMMELBERGER made a substitute motion that **HB429 BE TABLED**. Substitute motion passed 11-8 with Fritz, Gallik, Galvin-Halcro, Juneau, Keane, Musgrove, Price, and Tramelli voting no.

**ADJOURNMENT**

Adjournment: 11:30 A.M.

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REP. JOE MCKENNEY, Chairman

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JANE NOFSINGER, Secretary

JM/JN

**EXHIBIT** (buh29aad)